

PLEASE SUPPORT HOUSE BILL 5428 – AAC FLOOR STOCK ALLOWANCES

Hartford Distributors, Inc. (HDI) of Manchester, CT respectfully requests members of the General Law Committee to support House Bill 5428.

A floor stock allowance is a very simple transaction. If a beer wholesaler -- such as HDI -- has already purchased a load of beer from a beer brewer and the wholesaler is having a hard-time moving that beer out of the warehouse to its retail store and restaurant customers, then the wholesaler can contact the brewer to ask for a floor stock allowance. The brewer could agree to give the wholesaler a discount for each case of beer that the wholesaler moves out of its floor stock out to stores and restaurants.

Floor stock allowances are very common in the marketplace. Example: a car dealer can get a discount from the car manufacturer for each car that the dealer moves off of the showroom floor.

- ➔ The local CT beer wholesalers benefit by having the opportunity to give additional discounts to retailers in order to move some "overstock" off of our warehouse floors and out into the marketplace.
- ➔ The brewers benefit because they can get more of their beer products out of the warehouse and out into the marketplace.
- ➔ The package stores, restaurants and the ultimate consumers benefit because discounted beer is getting out into the marketplace.

These floor stock allowances have already been allowed under Section 30-94 since 1998 for wine and spirits. We respectfully contend that floor stock allowances for beer now make sense because these days, wholesalers can't hold beer in their floor stocks for very long -- the beer must be moved quickly before the beer "goes out of date." There is an absolute premium in our industry in getting fresh beer out into retail store and restaurant coolers, and the floor stock allowances proposal will help.

The floor stock allowance proposal contained in House bill 5428 mirrors the existing law for wine and spirits floor stock allowances ➔ (1) the discounts must be approved in advance by the Department/Liquor Control Commission (see lines 45-46); (2) the discounts must be offered in a nondiscriminatory basis to wholesalers (see lines 46-48); and (3) the agreements between brewers and wholesalers are voluntary -- no wholesaler can be forced to do floor stock allowances (see lines 52-54).

During the past several years, complaints have consistently been leveled that Connecticut's beer prices are too high and the Connecticut beer marketplace needs to be more dynamic and flexible. We respectfully contend that floor stock allowances will get more competitively-priced beer out of our warehouses and out into the marketplace.

It works for wine and spirits, it works for cars and for many other commercial products, and it can work for beer.

THANK YOU. Please contact Ross Hollander of HDI with any questions: 860-643-2337.